

Message Text

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ORIGIN IO-14

INFO OCT-01 EUR-25 AF-10 EA-11 ADP-00 L-03 CIAE-00 DODE-00

INR-10 NSAE-00 PA-03 RSC-01 USIA-15 PRS-01 EB-11

TRSE-00 COME-00 OMB-01 FAA-00 H-03 SS-15 NSC-10 /134 R

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8/28/73 EXT. 21891

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P 282258Z AUG 73

FM SECSTATE WASHDC

TO AMEMBASSY SEOUL PRIORITY

INFO AMEMBASSY TOKYO PRIORITY

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FOR AMBASSADOR POPPER

E.O. 11652: NA

TAGS: UNSC, RH

SUBJECT: US FIRMS AND SANCTIONS AGAINST RHODESIA

REF: SEOUL 5730

1. CARNEGIE ENDOWMENT REPORT CLAIMS PANAM AND TWA MAKE
RESERVATIONS AND ISSUE TICKETS FOR AIR RHODESIA FLIGHTS
IN VIOLATION UN SANCTIONS. ALLEGES THAT PANAM TRANSFERRED
DOLLARS 200,000 TO AIR RHODESIA IN 1972 AND THAT
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AIR RHODESIA ACTS AS PANAM AGENT IN RHODESIA, MAKING

RESERVATIONS AND ISSUING TICKETS. REPORT ALSO ASSERTS MAJOR CREDIT CARD CORPORATIONS ALLOW CARDHOLDERS TO CHARGE PURCHASES IN RHODESIA, HERTZ AND AVIS HAVE LICENSED RHODESIAN CAR RENTAL AGENCIES AND MAKE RESERVATIONS FOR CARS IN RHODESIA, AND US TRAVEL AGENCIES ORGANIZE TOURS TO RHODESIA WITH RHODESIAN COMPANIES AND REMIT PAYMENTS TO THEM. REPORT OBSERVES "JOURNAL OF COMMERCE" HAS PUBLISHED ADVERTISEMENTS ON RHODESIA AND SUGGESTS THIS "PROMOTING" TRADE IN VIOLATION OF SANCTIONS.

2. IT OUR VIEW THAT IF CARNEGIE REPORT'S ALLEGATIONS TRUE, PANAM AND TWA SEEM TO HAVE VIOLATED EXECUTIVE ORDER 11419 IMPLEMENTING SANCTIONS. DEPARTMENT DOES NOT CONSIDER OTHER ASSERTIONS IN REPORT VALID. HOWEVER, WHILE CARNEGIE

REPORT DISPUTES USG INTERPRETATIONS OF WHAT CONSTITUTES SANCTIONS VIOLATIONS, IT MATTER-OF-FACT AND NOT HOSTILE TOWARD STATE DEPARTMENT OR OTHER USG AGENCIES.

3. DEPARTMENT HAS REQUESTED FAA TO INVESTIGATE CHARGES US AIRLINES HAVE VIOLATED EXECUTIVE ORDER 11419 WHICH PROHIBITS "OPERATION OF ANY UNITED STATES AIR CARRIER . . . IN COORDINATION WITH ANY AIRLINE COMPANY CONSISTED OR AIRCRAFT REGISTERED IN SOUTHERN RHODESIA." DEPARTMENT INFORMED TREASURY OF THIS REQUEST SINCE FINANCIAL TRANSACTIONS INVOLVED. TREASURY'S INITIAL POSITION IS THAT IF TRANSACTION CONSIDERED LAWFUL BY FAA, INCIDENTAL FINANCIAL ASPECTS ALSO PERMISSIBLE.

4. TREASURY DEPARTMENT'S POSITION HAS BEEN THAT AMERICAN TOURISTS ARE NOT PROHIBITED FROM VISITING RHODESIA AND TREASURY CANNOT PROHIBIT PAYMENT OF TOUR EXPENSES IN RHODESIA BY TOURISTS THEMSELVES OR THROUGH TRAVEL AGENTS OR CREDIT CARD COMPANIES. TREASURY PROCEDURES SPECIFICALLY PERMIT PAYMENT OF TOUR PAYMENTS IN RHODESIA AND, WHEN ASKED, TREASURY HAS LICENSED REMITTANCE TO RHODESIA OF FUNDS TO COVER TOURIST EXPENSES. DEPARTMENT'S LEGAL ADVISOR CONFIRMS THAT SUPREME COURT HAS RULED DEPARTMENT HAS NO LEGISLATIVE AUTHORITY TO PREVENT AMERICANS FROM TRAVELLING TO RHODESIA.

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5. HERTZ AND AVIS HAVE TOLD TREASURY THEY DO NOT OWN CAR RENTAL AGENCIES IN RHODESIA BUT RATHER HAVE FRANCHISED RHODESIAN CAR RENTAL FIRMS. HERTZ AND AVIS HAVE STATED THEY DO NOT ACCEPT PAYMENTS FOR RHODESIAN CAR RENTALS. TREASURY HAS HELD THAT THESE PARTICULAR FRANCHISES DID NOT TRANSFER ECONOMIC RESOURCES TO RHODESIA BUT INSTEAD CHanneled OFF FOREIGN EXCHANGE AND THUS

DO NOT FALL UNDER BAN ON EXPORTS AND TRANSFERS IN EXECUTIVE ORDER 11419.

6. TREASURY DOES NOT CONSIDER ADVERTISEMENTS CONSTITUTE PROMOTION OF TRADE IN SENSE PROHIBITED UNDER UNSC AND CONSEQUENTLY HAS NOT TAKEN ACTIONS AGAINST "JOURNAL OF COMMERCE" AND OTHER PUBLICATIONS ACCEPTING RHODESIAN ADVERTISEMENTS. WE RELY ON DIRECT CONTROLS ON U.S. EXPORTS AND IMPORTS TO PREVENT TRADE WITH RHODESIA AND DO NOT PROHIBIT SUCH ANCILLARY ACTIVITIES AS ADVERTISING. THERE ALSO SOME LEGAL OPINION THAT BAN ON ADVERTISING BASED ON CONTENT MIGHT VIOLATE FIRST AMENDMENT FREEDOM OF PRESS PROVISION.

7. DEPARTMENT HAS PREPARED AND SENT TO USUN FOLLOWING PRESS STATEMENT FOR USE ON "IF ASKED" BASIS: "WE NOTE

THAT THE (CARNEGIE) REPORT DISCUSSES SEVERAL ASPECTS OF US COMPLIANCE WITH THE UN RHODESIAN SANCTIONS PROGRAM AND IS CONCERNED OVER ANY REPORT THAT FULL IMPLEMENTATION HAS NOT TAKEN PLACE. ON THE MATTER OF THE ALLEGED VIOLATION OF SECURITY COUNCIL RESOLUTION 253 RELATING TO ACTIVITIES OF AIRLINES, THE CHARGES HAVE BEEN REFERRED TO THE FAA FOR INVESTIGATION.

8. "THE REPORT ALSO DISCUSSES THE PROMOTION OF TRADE WITH RHODESIA AND TRANSFERS OF FUNDS. WE HAVE RECENTLY REVIEWED US COMPLIANCE WITH SANCTIONS, AND WE BELIEVE IN THIS REGARD THAT OUR INTERPRETATION OF THE RELEVANT RESOLUTIONS IS CONSISTENT WITH THE INTENT OF THE SANCTIONS PROGRAM AND WITH OUR DOMESTIC LAW."

9. AS REQUESTED, DEPUTY ASSISTANT SECRETARY HERZ IS LIMITED OFFICIAL USE

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ARRANGING APPOINTMENT WITH TOM HUGES OF CARNEGIE ENDOWMENT. RUSH

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